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***VIA FIRST LEGAL NETWORK***

May 3, 2017

Sharon Bronson, Chair  
Mr. Steve Christy  
Mr. Richard Elias  
Ms. Ally Miller  
Mr. Ramón Valadez

**PIMA COUNTY BOARD OF SUPERVISORS**

County Administration Building  
130 West Congress Street, 11<sup>th</sup> Floor  
Tucson, Arizona 85701

Re: The Industrial Development Authority of the County of Pima Multifamily Housing Revenue Bonds (Rio Viejo Project), Series 2017 – In an Amount Not to Exceed \$16,000,000

Dear Ms. Chair and Members of the Board:

Subject to your approval, The Industrial Development Authority of the County of Pima (the “*Authority*”), will consider granting its final approval to a resolution approving the issuance of one or more series of its Multifamily Housing Revenue Bonds (Rio Viejo Project), Series 2017 (the “*Bonds*”), as either tax-exempt or taxable bonds or a combination thereof and in an aggregate principal amount not to exceed \$16,000,000, for the benefit of Rio Viejo Partners, LLC, an Arizona limited liability company, qualified to do business in Arizona (the “*Borrower*”), at a special meeting to be held on May 10, 2017.

The Authority respectfully requests that this matter be placed on the Board of Supervisors’ Regular Meeting Agenda scheduled for May 16, 2017, for the purpose of having the Board of Supervisors approve the action of the Authority. Enclosed herewith are the following:

1. Fact Summary; and
2. Resolution of the Board of Supervisors.

Additionally, on May 10, 2017, the Authority will hold a public hearing in order to comply with the Federal requirements. You will be immediately informed if there are any objections presented at the hearing on the Project or the issuance of the Bonds.

The proceeds of the Bonds are to be loaned to the Borrower to be used for the purpose of (i) financing the costs of acquisition, construction, improvement, equipping and operation of an approximately 100 unit multifamily residential rental housing facility known as Rio Viejo Apartments, located at 5418 South Park Avenue in the City of Tucson, Arizona, (ii) to fund required reserve funds, if any, (iii) to pay capitalized interest on the Bonds, if any, and (iv) to pay costs and expenses incurred in connection with the issuance of the Bonds (the "Project"). A more detailed description of the Project is contained in the attached Fact Summary.

The Bonds will be secured by one or more deeds of trust on the Project. The Bonds are expected to be privately placed and will be issued as fully registered bonds without coupons in denominations of \$100,000 and any amount in excess of \$100,000.

As always, the Bonds will be special limited obligations of the Authority and will be payable solely from payments made on or secured by a pledge and assignment of certain funds held by the trustee under an indenture of trust between the Authority and the trustee. Neither the faith and credit, nor the taxing power of the Authority or Pima County or any other political subdivision thereof, will be pledged to the payment of the Bonds. The Authority has no taxing power.

I will be available prior to the meeting to answer any questions you may have, or to meet with you at your convenience.

Thank you for your consideration of this matter.

Sincerely,

RUSSO, RUSSO & SLANIA, P.C.

/s/

Michael A. Slania  
Attorney for the Authority

MAS/ala  
Enclosures

c: Ms. Julie Castañeda (with enclosures)  
Regina L. Nassen, Esq., Counsel to the Board  
Charles Huckelberry, Pima County Administrator  
Jan Leshner, Deputy Pima County Administrator

# FACT SUMMARY

## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA MULTIFAMILY HOUSING REVENUE BONDS (RIO VIEJO PROJECT), SERIES 2017

The following is a brief Fact Summary of the proposed bond issue:

The Bonds .....	The Authority will issue one or more series of its Multifamily Housing Revenue Bonds (Rio Viejo Project), Series 2017, as either tax-exempt or taxable bonds or a combination thereof (the “ <i>Bonds</i> ”) and in an original principal amount not to exceed \$16,000,000. The Series A Bonds will bear interest at a fixed rate, while the Series B (subordinate) Bonds will bear interest at a variable rate. The average interest rate on the Bonds shall not be greater than twelve percent (12%) per annum. The Bonds may be redeemed at the option of the Borrower with the consent of the Authority and, under certain circumstances, must be redeemed prior to their stated maturity date. The Bonds will be issuable in denominations of \$100,000 and any amount in excess of \$100,000.
Private Placement .....	The Series A Bonds will be privately placed and sold by FMSbonds, Inc. to Deutsche Bank AG, New York Branch or an affiliate, while the Series B (subordinate) Bonds will be privately placed with JPMorgan Chase Bank, N.A. or an affiliate.
The Borrower .....	Rio Viejo Partners, LLC, an Arizona limited liability company, qualified to do business in Arizona, will be the Borrower and will own and operate the Project.
Bond Proceeds .....	The proceeds of the Bonds will be used for the purpose of (i) financing the costs of acquisition, construction, improvement, equipping and operation of an approximately 100 unit multifamily residential rental housing facility known as Rio Viejo Apartments, located at 5418 South Park Avenue in the City of Tucson, Arizona, (ii) to fund required reserve funds, if any, (iii) to pay capitalized interest on the Bonds, if any, and (iv) to pay costs and expenses incurred in connection with the issuance of the Bonds (the “ <i>Project</i> ”).
Documentation .....	Pursuant to a Loan Agreement, between the Authority and the Borrower, the Borrower has agreed to make payments (on a non-recourse basis) to the Authority sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Bonds will be secured by a Deed of Trust, Fixture Filing and Security Agreement on the Project and the Series A Bonds will also have a letter of credit from JPMorgan Chase Bank, N.A. All rights of the Authority in and to the Loan Agreement, except certain rights to indemnification and payment of expenses, will be assigned to the Trustee.

Security for the Bonds.....

The Trustee will receive, as security for the loan to the Borrower, a pledge of the revenues of the Loan Agreement. The Authority has no taxing power. The Bonds and the interest thereon are not a general obligation of the Authority and are not an indebtedness of the Authority, Pima County, the State of Arizona, or any political subdivision thereof within the meaning of any Arizona constitutional or statutory provision whatsoever. Principal of, premium, if any, and interest on the Bonds are payable solely out of the revenues derived from the Loan Agreement (other than to the extent payable out of proceeds of the Bonds or income from the temporary investment thereof). Neither the faith and credit nor the taxing power, if any, of the Authority, Pima County, the State of Arizona, or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

RESOLUTION NO. 2017 - \_\_\_\_

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA APPROVING THE PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA REGARDING THE ISSUANCE OF ITS NOT-TO-EXCEED \$16,000,000 MULTIFAMILY HOUSING REVENUE BONDS (RIO VIEJO PROJECT), SERIES 2017 IN ONE OR MORE SERIES AND DECLARING AN EMERGENCY**

WHEREAS, The Industrial Development Authority of the County of Pima (the "*Authority*") pursuant to the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the "*Act*"), is authorized to issue and sell one or more series of its Multifamily Housing Revenue Bonds (Rio Viejo Project), Series 2017 (the "*Bonds*") as either tax-exempt or taxable bonds or a combination thereof, the proceeds of which are to be loaned to Rio Viejo Partners, LLC, an Arizona limited liability company, qualified to do business in Arizona (the "*Borrower*"), for the purpose of (i) financing the costs of acquisition, construction, improvement, equipping and operation of an approximately 100 unit multifamily residential rental housing facility known as Rio Viejo Apartments, located at 5418 South Park Avenue in the City of Tucson, Arizona, (ii) to fund required reserve funds, if any, (iii) pay capitalized interest on the Bonds, if any, and (iv) to pay costs and expenses incurred in connection with the issuance of the Bonds (the "*Project*"); and

WHEREAS, on May 10, 2017, the Authority resolved to issue the Bonds in an aggregate amount not to exceed \$16,000,000 (the "*Authority's Resolution*"), such issuance being conditioned upon, among other things, the granting of approval to the issuance of the Bonds by the Pima County Board of Supervisors; and

WHEREAS, the Authority's Resolution has been made available to the Pima County Board of Supervisors, and the Authority's Resolution has been duly considered this date; and

WHEREAS, the Authority's Resolution authorizes, among other things, the issuance of the Bonds, the execution and delivery of (i) one or more Indentures of Trust (collectively, the "*Trust Indenture*"), between the Authority and U.S. Bank National Association, (ii) one or more Loan Agreements relating to the Bonds (collectively, the "*Loan Agreement*"), between the Authority and the Borrower, and (iii) such other documents as required for the issuance of the Bonds; and

WHEREAS, the terms, maturities, provisions for redemption, security and sources of payment for the Bonds are set forth in the Trust Indenture, the Loan Agreement and the form of Bonds itself; and

WHEREAS, copies of said documents have been made available to the Pima County Board of Supervisors, together with the Authority's Resolution; and

WHEREAS, the Pima County Board of Supervisors has been informed that said documents have been reviewed by competent Bond Counsel, Ballard Spahr LLP, and said Bond Counsel has

determined that said documents adequately meet the requirements of the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, in accordance with Section 35-721.B of the Act, the proceedings of the Authority under which the Bonds are to be issued require the approval of the Board of Supervisors of the issuance of the Bonds; and

WHEREAS, pursuant to Section 147(f) of the Code, the chief elected official representing this Board of Supervisors must approve the issuance of the Bonds after a public hearing following reasonable public notice, which hearing has been conducted by the Authority; and

WHEREAS, this Board has presented to it information regarding the Bonds and information regarding the public hearing held by the Authority concerning the Bonds and is further informed and advised with regard to the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, as follows:

1. Pursuant to Section 147(f) of the Code and the Act, the Board of Supervisors, as the governing body of the Authority and the applicable elected representative of a governmental unit having jurisdiction over the facilities to be financed or refinanced with the proceeds of the Bonds, hereby approves the Bonds and the proceedings under which the Bonds are to be issued by the Authority, including specifically the resolution described above, the Trust Indenture, the Loan Agreement and all other related or appropriate documents.
2. This Resolution shall be in full force and effect from and after its passage as provided by law, and any provisions of any previous resolutions in conflict with the provisions herein are hereby superseded.
3. The appropriate officers of the Pima County Board of Supervisors are hereby authorized and directed to do all such things and to execute and deliver all such documents on behalf of Pima County as may be necessary or desirable to effectuate the intent of this Resolution and the Authority’s Resolution in connection with the issuance of the Bonds.
4. It is necessary for the preservation of the peace, health and safety of the County that this Resolution becomes immediately effective, and, accordingly, an emergency is hereby declared to exist, and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County,  
Arizona this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
Sharon Bronson, Chair  
PIMA COUNTY BOARD OF SUPERVISORS

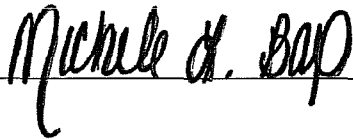
ATTEST:

\_\_\_\_\_  
Julie Castañeda, Clerk  
PIMA COUNTY BOARD OF SUPERVISORS

APPROVED AS TO FORM:

BALLARD SPAHR LLP  
Bond Counsel

By:

  
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